



SOUTHEAST IDAHO

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA, & POWER COUNTIES

LABOR FORCE AND EMPLOYMENT

The U.S. economic slowdown made its way to Southeast Idaho, particularly in the *Manufacturing* sector. The seasonally adjusted unemployment rate for the Pocatello Metropolitan Statistical Area (MSA) jumped five-tenths of a percentage point in June 2001, to 4.4 percent. Southeast Idaho Table 1 shows the number of individuals unemployed in June increased by 180 to 1,760. Lay-offs at American Microsystems, Astaris, and Gottschalks Department Store idled more than 300 workers in the area. Idaho's unemployment rate remained at 4.8 percent in June 2001, four-tenths of a percentage point higher than the Pocatello MSA rate. Despite the recent lay-offs, the unemployment rate remained more favorable in June 2001 than in June 2000 when it was four-tenths of a percentage point higher at 4.8 percent.

Nonfarm Payroll Jobs dropped 3.7 percent in June 2001 from May 2001 because of decreased jobs in *Manufacturing* and *Education*. The U.S. economic slowdown hit the technology-manufacturing sector especially hard, forcing one of Pocatello's major employers, American Microsystems, to decrease its workforce by more than 200 workers. American Microsystems remains Pocatello's largest private employer. The rise in energy prices, combined with heightened global competition, forced Astaris to decrease its workforce by nearly 80 workers in June 2001, and more reductions will occur through June 2002. Spring semester ended at Idaho State University, decreasing the number of jobs in *Government Education* by 1,090. *Nonfarm Payroll Jobs* dipped nine-tenths of a percentage point in June 2001 from one year ago. Most job reductions were in *Construction* and *Manufacturing*.

SPECIAL TOPIC: Dynamic Economy

Economies are dynamic—ever changing! They expand and many prosper, or they contract and many feel the

Southeast Idaho Table 1: Labor Force & Employment
Pocatello City MSA (Bannock County)

	June 2001*	May 2001	June 2000	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	40,320	40,760	38,900	-1.1	3.7
Unemployment	1,760	1,580	1,860	11.4	-5.4
% of Labor Force Unemployed	4.4	3.9	4.8		
Total Employment	38,560	39,180	37,030	-1.6	4.1
Unadjusted					
Civilian Labor Force	39,490	40,660	38,090	-2.9	3.7
Unemployment	1,690	1,520	1,760	11.2	-4.0
% of Labor Force Unemployed	4.3	3.7	4.6		
Total Employment	37,800	39,140	36,330	-3.4	4.0
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	32,240	33,470	32,540	-3.7	-0.9
Goods-Producing Industries	4,310	4,510	4,670	-4.4	-7.7
Mining & Construction	1,650	1,610	1,750	2.5	-5.7
Manufacturing	2,660	2,900	2,920	-8.3	-8.9
Service-Producing Industries	27,930	28,960	27,870	-3.6	0.2
Transportation, Comm., & Utilities	1,810	1,820	1,870	-0.5	-3.2
Wholesale Trade	1,440	1,490	1,400	-3.4	2.9
Retail Trade	7,080	7,120	6,960	-0.6	1.7
Finance, Insurance, & Real Estate	1,480	1,460	1,490	1.4	-0.7
Services	8,170	8,070	8,050	1.2	1.5
Government Administration	3,520	3,480	3,540	1.1	-0.6
Government Education	4,430	5,520	4,560	-19.7	-2.9

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

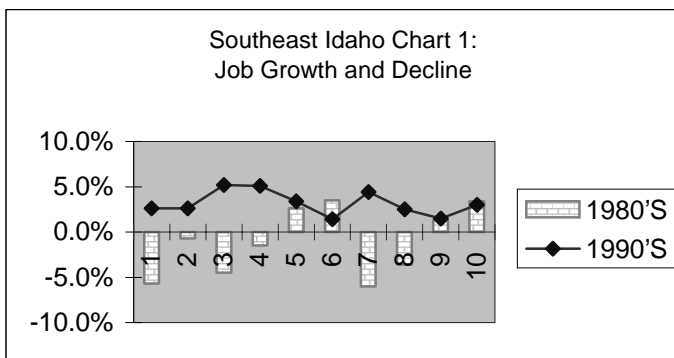
pinch. They are cyclical—moving up for a period of time then drifting down for a period of time. The Southeast Idaho economy is no exception—it consistently changes. Recently, economic news has been mostly unfavorable: major lay-offs, agriculture and energy woes, and drought. As the global, national, and state economies slow, the trickle-down effect begins to take its toll on communities such as those in Southeast Idaho.

Some economists have said that 2001 may be as bad as the 80s, predicting that statewide tax revenues will decline, job growth will decline, and the unemployment rate will climb. That certainly may be true given the nature of our state's current economic conditions. The high-tech sector is in decline or at least in transition; our major industries—lumber, agriculture, and mining—are in decline; a major drought is affecting agriculture, tourism and recreation; and competition is driving down the cost of Idaho products.

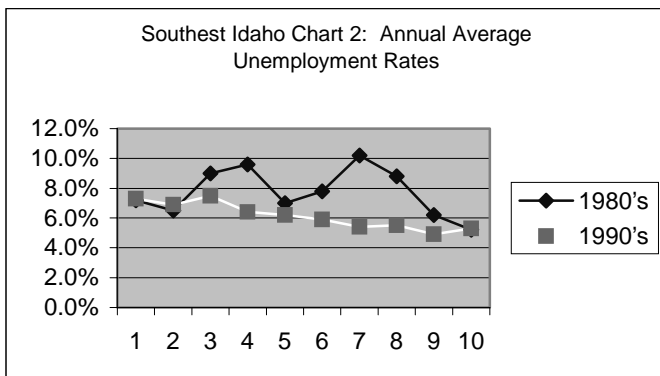
But, Southeast Idaho's economy is somewhat different from the statewide economy and very different from its 1980s economy.

- Southeast Idaho did not enjoy the huge economic expansion that other areas of the state experienced and, therefore, will not likely experience major economic contraction. The area experienced slower and more limited growth than other parts of the state.

- The Southeast Idaho economy was not as diversified in the 1980s and did not have the ability to absorb downward fluctuations. During the 1980s, it was not uncommon for the number of jobs to fall by more than 1,000 in one year. Communities were too dependent on one or two major employers or industries for their livelihoods. For instance, Bucyrus Erie moved into Pocatello in the 1970s, hired more than a thousand local workers, brought in several hundred workers from outside the area, and then closed, leaving more than a thousand unemployed workers in the community. That closure had the trickle-down effect of forcing many other businesses to close. *Southeast Chart 1: Job Growth and Decline* compares job growth and decline in the 1980s with job growth in the 1990s. Today, there are many more businesses in many different industries, and the likelihood of one business having a similar effect on the economy now is much more limited. While the area may experience lower job growth, it is unlikely that we will see jobs decline at the rates that occurred in the 1980s.



- In the 1980s, there was double-digit inflation and interest rates climbed to more than 20 percent, as opposed to today's economy where inflation is at 3 to 4 percent and mortgage interest rates remain around 7 percent.
- Unemployment rates climbed to more than 10 percent in the 1980s while today they remain between 4 and 5 percent (see *Southeast Chart 2: Average Annual Unemployment Rates*).



- Individual attitudes about the labor market have changed. Today's businesses and workers have adjusted to change—changing markets, jobs, businesses, and careers.
- Today, most communities have (or are organizing) specialized economic and community development organizations to assist in community revitalization and business recruitment.

Despite recent lay-offs and the current economic slow-down, there continues to be much to be excited about in Southeast Idaho.

- Home Depot opened a regional building supply store in Pocatello. The store added about 130 jobs to the area's economy.
- Convergys is expanding its operation in Pocatello and expects to add another 250 jobs.
- Anderson Lumber is rebuilding its \$1.5 million outdoor lumberyard, which was destroyed by fire earlier this year.
- Construction of Farm Bureau's new 93,000-square-foot headquarters office in Pocatello should be complete by spring 2002.
- A new Super 8 Motel opened in Blackfoot, adding jobs to the economy. The motel is located adjacent to Interstate 15 near the Blackfoot interchange.
- A new professional office building, the Manwaring Building, opened in Blackfoot across from the Bingham County Courthouse on North Maple.
- The historic Enders Hotel in Soda Springs has been restored. The 30-room bed and breakfast also houses a restaurant and gift shop.
- The Preston Golf and County Club completed and opened the back nine holes of its golf course.
- A miniature golf course opened in Whitney. The 12-hole course includes sand traps, water holes, and other traps. Plans for expansion of the recreational facility include the addition of six more holes to the miniature golf course, horseshoe pits, a skateboard area, and a miniature train.
- Construction of the new American Falls High School is on schedule and should be ready for occupancy when school starts in 2002.

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